

Message Text

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TO AMCONSUL SYDNEY

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CINCPAC HONOLULU

C O N F I D E N T I A L STATE 016758

CINCPAC FOR POLAD

FOLL REPEAT STATE 16758 ACTION CANBERRA CONAKRY GEORGETOWN
KINGSTON PARAMARIBO BELGRADE THE HAGUE INFO OTTAWA LONDON
PARIS BONN OSLO TOKYO 25 JAN QUOTE

C O N F I D E N T I A L STATE 016758

E.O. 11652: N/A

TAGS: EMIN, ETRD

SUBJECT: MEETING OF BAUXITE-PRODUCING COUNTRIES

REF: (A) PARAMARIBO 405; (B) KINGSTON 104 (NOTAL)
(C) CANBERRA 243 (NOTAL)

1. DEPT IS INTERESTED IN REPORTED EFFORTS BEING MADE BY
CERTAIN BAUXITE-PRODUCING NATIONS TO ORGANIZE THEMSELVES
INTO PRODUCER-ONLY GROUP. WE HAVE RECEIVED SOME INFORMA-
TION ON THE FIRST MEETING OF THE GROUP WHICH TOOK PLACE IN
BELGRADE IN OCTOBER. HOWEVER, AVAILABLE INFORMATION RE-
MAINS SKETCHY, AND IT IS UNCLEAR WHETHER AIM OF BAUXITE
PRODUCERS IS ORGANIZATION ALONG LINES OF PETROLEUM
PRODUCING COUNTRIES (OPEC), COPPER EXPORTING COUNTRIES
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(CIPEC) OR PRODUCER-CONSUMER INTERNATIONAL TIN COUNCIL TYPE

ARRANGEMENT.

2. DEPT NOTES THAT SECOND MEETING OF GROUP IS NOW SCHEDULED TO BE HELD IN CONAKRY IN LATTER HALF OF FEBRUARY. VARIOUS US NEWSPAPERS AND TRADE JOURNALS HAVE CARRIED ARTICLES ON UPCOMING MEETING WITH SPECULATION THAT PRODUCERS WISH RAISE PRICES OF BAUXITE OR INCREASE GOVERNMENT REVENUES FROM MARKET SALES. THERE HAS BEEN LITTLE SPECULATION THAT PRODUCERS WOULD WITHHOLD BAUXITE FROM WORLD MARKETS, BUT OPEC ACTION HAS GIVEN RISE TO SOME APPREHENSION REGARDING BAUXITE AND OTHER MATERIALS. WE WOULD APPRECIATE RECEIVING FROM MISSIONS ANY INFORMATION THEY HAVE REGARDING SUBSTANCE AND ACHIEVEMENTS OF FIRST BAUXITE PRODUCERS' MEETING AS WELL AS AGENDA, HOST COUNTRY ATTITUDES AND GOALS, AND SPECIFIC DATES FOR CONAKRY MEETING.

3. WE REALIZE THAT IMPRESSION OF GREAT CONCERN ON OUR PART MIGHT ACTUALLY SERVE TO ENCOURAGE THIS EFFORT TO ORGANIZE BAUXITE PRODUCERS AND WE WOULD OBVIOUSLY WISH TO AVOID GIVING PRODUCERS SUCH ADDITIONAL INCENTIVE. MISSIONS SHOULD, THEREFORE, KEEP THIS IN MIND IN ANY DISCUSSION OF SUBJECT WITH HOST GOVERNMENT OFFICIALS.

4. REQUEST INFO ADDRESSEES ALSO REPORT INFORMATION RECEIVED FROM HOST GOVERNMENT SOURCES AND THEIR ASSESSMENT OF SIGNIFICANCE OF CONAKRY MEETING.

5. FOR CANBERRA: DEPT APPRECIATES EMBASSY'S DEMARCHE. OBVIOUSLY, AUSTRALIA IS THE MOST PRESTIGIOUS PARTICIPANT IN THIS MEETING AND WITHOUT ITS PARTICIPATION, POSSIBILITY THAT ORGANIZATION OF BAUXITE PRODUCERS COULD EXERCISE IMPORTANT PREJUDICIAL CONTROL OVER THIS BASIC COMMODITY IS UNLIKELY.

DEPT OFFICIALS HAVE DISCUSSED PRODUCER-ONLY ORGANIZATIONS WITH AUSTRALIAN WORKING LEVEL OFFICIALS AT INTERNATIONAL COMMODITY MEETINGS, AND AUSTRALIAN OFFICIALS SHARE DEPT'S VIEW THAT ESTABLISHMENT OF SUCH PRODUCER GROUPS WOULD BE RETROGRADE STEP. AT RECENT UNCTAD TUNGSTEN MEETING, CONFIDENTIAL

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*AUSTRALIAN DELEGATION SHIED AWAY FROM ANY PROPOSAL FOR TUNGSTEN PRODUCER GROUP ALTHOUGH IT DID HALF-HEARTEDLY ESPOUSE UNCTAD SECRETARIAT PROPOSAL FOR ITC-TYPE ORGANIZATION. DEPARTMENT CONCERNED THAT THERE MAY BE THOSE IN AUSTRALIA WHO WOULD SEE GOA PARTICIPATION IN BAUXITE CARTEL AS POSSIBLE MEANS OF IMPROVING GOA RELATIONS WITH LDC'S.

IN ANY DISCUSSIONS WITH APPROPRIATE GOA OFFICIALS, YOU

SHOULD MAKE POINT THAT CREATION OF PRODUCER CARTELS IN
COMMODITIES COULD ENDANGER THE ECONOMIES OF MANY DEVELOPED
AND LDC NATIONS AS WELL AS SERIOUSLY IMPEDE GENERAL
EXPANSION OF WORLD TRADE. KISSINGER
NQUOTE KISSINGER

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